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In the Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-496

UNARCO INDUSTRIES, INC.,
Petitioner,

VS.

RUSSELL K. SWANSON and ROBLIN INDUSTRIES, INC.,
Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

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I

OPINIONS BELOW

The Opinion and Order of the Court of Appeals for the Tenth Circuit, of which review is sought by the Petitioner, is found at pages A 1-A 12 of Appendix I to the Petition and is officially reported at 479 F.2d 664. Two petitions for rehearing before the Court of Appeals were denied by Orders set forth at pages A 13 and A 14-A 15 of Appendix II and Appendix III to the Petition, respectively.

The memorandum opinion of Judge Daugherty of the United States District Court for the Western District of

Oklahoma is reported officially at 356 F.Supp. 332 and appears at pages A 17-A 21 of Appendix V to the Petition. The Amended Judgment Order entered by the District Court pursuant to said opinion, which was reversed by the Court of Appeals, appears at pages A 22-A 23 of Appendix VI to the Petition.

II

JURISDICTION

The jurisdictional requisites are adequately stated in the Petition.

III

QUESTIONS PRESENTED

Petitioner does not seek to have the decision of the Tenth Circuit reviewed by this Court for the purpose of contesting the holding by the Court of Appeals that Swanson Patent No. 3,052,319 is valid. Rather, Petitioner urges that the Court of Appeals erred or somehow exceeded its jurisdiction in even considering the question of the validity of the patent, and that its decision expressly holding the patent valid, requires review by this Court, under the provisions of Rule 19(1) (b) as being one allegedly so far departing from the accepted and usual course of judicial proceedings as to call for an exercise of the power of supervision of the Supreme Court. Petitioner also urges, as a further reason for granting its petition, that the Court of Appeals allegedly did not follow the criteria laid down by prior decisions of this Court in interpreting the file history documents to construe and apply the claims of Swanson Patent No. 3,052,319 and reach the conclusion that the accused devices made and sold by Petitioner infringe the patent.

The questions presented are, therefore:

(1) Did the Court of Appeals have authority to consider and rule upon the validity of a patent before it, when the Court of Appeals had found that the District Court's conclusions regarding the interpretation of the patent claims were clearly erroneous and required reversal; when the issue of validity had been fully tried before but not formally ruled upon by the District Court; and when all of the evidence relating to the matter of validity was before the Court of Appeals—or was such consideration and ruling a departure from the accepted and usual course of judicial proceedings such as to call for an exercise of this Court's supervisory power; and

(2) Was the detailed consideration by the Court of Appeals of the documents constituting the file wrapper of the history of prosecution of Swanson Patent No. 3,052,319 and the effect thereof upon the interpretation of the claims of the patent, proper and consistent with the decisions of this Court—or did such consideration violate the standards of this Court as set down in *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966) and other cases cited by Petitioner at page 3 of the Petition?

IV

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

While Respondents would agree that this case, which relates to patent infringement, broadly involves the patent clause of the Constitution of the United States, Article I, Section 8 (Petitioner's Appendix VIII, page A 25), it is difficult to perceive that, under the facts of the case, it could be fairly said that the due process clause of the Constitution is involved in any way. For that matter,

while this case is a patent case and, therefore, necessarily falls generally under the patent clause of the Constitution and also broadly involves the Patent Act of 1952 (U.S. Code, Title 35), Respondents do not believe that the questions presented to this Court by the Petition truly involve the interpretation of any Constitutional provision or any Federal statute, treaty or ordinance.

V

STATEMENT OF THE CASE

The questions presented to this Court are of a nature relating to procedural aspects of the decisions below and the relevant standards applied by the lower Courts, particularly the Court of Appeals. Accordingly, a detailed factual statement of the case is not believed necessary except perhaps as general background in those areas relevant to a determination of the exact questions before this Court and, to that extent, Respondents would supplement and clarify the "Statement of the Case" presented by Petitioner in the following respects.

The only patent involved at this stage of the proceedings is No. 3,052,319 issued to Mr. Russell K. Swanson on September 4, 1962 and entitled "Cantilever Shopping Cart and Counter Assembly". A complete copy thereof will be found in the printed record on appeal which is before this Court (PX 1, R. 1e). Defendant-Petitioner was charged *inter alia* with direct infringement of Claims 1, 2 and 7 of said patent by virtue of its manufacture and sale of shopping carts which had been copied from carts made under the patent by the plaintiff Roblin pursuant to a license from plaintiff Swanson.

The District Court, in a decision predicated primarily upon an erroneous interpretation of the documentary file

history of the patent, concluded that the claims of the patent should be narrowly construed and that, based upon such construction, Claims 1, 2 and 7 were not infringed by the defendant's carts. Judgment was entered dismissing the action.

The judgment of the District Court as to Patent No. 3,052,319 was duly appealed by Respondents to the United States Court of Appeals for the Tenth Circuit (App. VII, page A 24). In a detailed opinion (App. I, p. A 1-A 12), and based upon its own extensive analysis of the documents constituting the file history, the Court of Appeals found that the District Court clearly erred in not applying the correct legal standards in its construction, interpretation and application of the claims of the Swanson patent and in finding no infringement (App. I, p. A 9). Accordingly, the Court of Appeals held the patent to be infringed and, based upon the record before it, which set out the evidence of both parties relating to the validity of the patent, as well as arguments made to the Court of Appeals with respect to validity, determined that the Swanson patent was valid (App. I, pp. A 10, A 11).

What Petitioner now attacks, in effect, as allegedly constituting error by the Court of Appeals, is, initially, its assumption of authority to rule upon the question of validity and secondly, the particulars of its conclusion and interpretation of the documents constituting the file history of the patent.

VI

ARGUMENT

A. As to Petitioner's Question 1.

The question of the validity of Swanson Patent No. 3,052,319 was fully litigated in the District Court and Defendant there (Petitioner here) was given every opportunity to, and in fact did, present all available evidence with respect thereto. This was by documentary evidence in the form of prior art patents (DX 60, R. 121e, DX 61, R. 125e, DX 62, R. 129e, DX 63, R. 134e and DX 4, R. 78e), and by opinion testimony of Defendant's expert witness Pigott on direct examination (R. 279, 280) and on cross examination (R. 200-293). The prior art patents, four of which had been cited and considered by the Patent Office, were all that were relied upon by Defendant to establish invalidity of the Swanson patent (R. 285). These patents, as well as all of the relevant opinions expressed by Defendant's expert witness relating to the effect thereof on the validity of the Swanson patent were all in the record before the Court of Appeals. In fact, Defendant even argued to the Court of Appeals matters with respect to validity of the Swanson patent, such argument being expressly noted by the Court of Appeals in its opinion (App. I, page A 11).

Based upon the record the record before it, the Court of Appeals reached the conclusion that: "319 was not only a valid patent, it was also a pioneer or primary patent, and as such, it must be given a broad and liberal construction . . ." (App. I, page A 10). This holding was obviously made in the interests of judicial economy, convenience and fairness and to avoid further error by the District Court, particularly in view of the footnote comment of the Dis-

trict Court (App. V, page A 20) indicating an erroneous predisposition to hold the claims of the patent invalid if interpreted broadly enough to be infringed.

The Court of Appeals clearly had the authority and jurisdiction to rule upon the validity of a patent brought before it and was, in fact, following the "better practice" in doing so pursuant to the express admonition set down by this Court for the guidance of the lower Courts in such situations.

In the case of *Sinclair & Carroll Company* v. *International Corporation*, 325 U.S. 327, 330 (1945), this Court admonished the lower Courts that, in litigation involving patents, the case should preferably not be decided on the infringement issue alone without also going into the more important question of the validity of the patent.

The admonition of this Court in the *Sinclair* case *supra*, has been recognized by the various Courts of Appeal in a number of subsequent cases, and it appears to have now become accepted standard practice for an appellate Court, as did the Tenth Circuit Court of Appeals in the present case, to pass upon the validity of a patent before it in the interests of judicial economy, convenience and fairness whenever the issue has been tried and the relevant record is before it, even though the District Court may have ruled only upon the question of infringement.

See for instance: *Royal-McBee Corporation* v. *Smith-Corona Marchant, Inc.*, 295 F.2d 1, 3 (2nd Circ. 1961) where validity was challenged for the first time on appeal, the Court holding the patent valid, citing *Sinclair supra*, and stating: ". . . when, as here, the alleged prior art is in the record, and the defendant attacks the patent on appeal, we believe it best to decide first whether the evidence in the record supports the claim that the patent is invalid". Similarly, in *M.O.S. Corporation* v. *John L. Haas Co., Inc.*,

375 F.2d 614, 616, 617 (9th Circ. 1967), where the District Court had found the patent not infringed but did not pass on the issue of validity, the appellate Court, recognizing the admonition of the *Sinclair* case *supra* as not to be lightly disregarded, stated: "The Supreme Court, however, has announced certain policies applicable to patent litigation that convince us that we should consider the validity of the patent in this case, even though the trial court did not pass upon the question, confining itself to a holding that there was no infringement. . . . if the issue was litigated in the trial court, and if the record presented is such as to permit decision, the Court of Appeals can, and, at least where the answer seems clear, should decide the issue."

The question of validity of the claims of the patent is properly before an appellate Court in a patent infringement case, even if not made the express subject of an appeal. *The Maytag Company* v. *The Murray Corporation of America*, 318 F.2d 79, 80 (6th Circ. 1963). An appeal from a decision dismissing a suit brings "the whole record up and all questions going to the correctness of the judgment are properly before us . . . This is particularly true of appeals in patent cases (citing *Sinclair, supra*), since in such cases, of the two questions, validity and infringement, validity has the greater public importance." *The Guiberson Corporation* v. *Equipment Engineers Inc.*, 252 F.2d 431, 432, 433 (5th Circ. 1958). Also see: *Bede* v. *Baker & English Inc.*, 274 F.2d 833, 835 (6th Circ. 1960). Indeed, the appellate Courts have, especially since *Sinclair supra*, normally considered it their duty to consider the question of validity, even though not ruled upon below. *Pennington Engineering Co.* v. *Spicer Mfg. Corporation*, 165 F.2d 59, 61 (6th Circ. 1947).

Even prior to *Sinclair*, and the confirmation therein of the duty of an appellate Court to consider the question

of validity, the well reasoned weight of appellate authority recognized the obligation, where all the evidence was before it, as in the present case, to inquire into the validity of the patent involved in the appeal. See: *Merco Nordstrom Valve Co.* v. *W. M. Acker Organization,* 131 F.2d 277 (6th Circ. 1942); *Marchus* v. *Druge,* 136 F.2d 602, 608 (9th Circ. 1943), cert. den. 320 U.S. 772 and cases cited therein; and *Herman Body Co.* v. *St. Louis Body and Equipment Co.,* 46 F.2d 879 (8th Circ. 1931).

Thus, the Court of Appeals for the Tenth Circuit proceeded, in the present case, in full accord with well established precedent and, indeed, pursuant to the admonition of this Court, that it is the better practice to consider the validity of the patent in issue whenever the record will permit. Such consideration was clearly proper in the present case, as it was based upon a full record relating to the issue of validity, which was primarily documentary and presented no questions of credibility. Further, it should be clear that, as a practical matter, once the Court of Appeals had determined that the patent was infringed, if valid, it then became necessary for the issue of validity to be resolved. Thus, in the face of the District Court's footnote indicating a clear predisposition to further error in that regard, in view of the interest of the public as well as the litigants in having the question of validity of the patent decided without unnecessary delay, and in further view of this Court's admonition in *Sinclair* and considerations of judicial economy, it manifestly was proper and appropriate that the Court of Appeals consider and rule upon the validity question, as it did.

The Court of Appeals did not, therefore, exceed its jurisdiction or authority in considering and ruling upon the validity of the patent, but rather decided the case in full conformity with precedent, the practice in other cir-

cuits and the policy announced by this Court in *Sinclair*. Since the determination that the Swanson patent was valid was made by the Court of Appeals with the full, relevant record before it, and as the matter of validity was even discussed by Petitioner in its argument before the Court of Appeals, there is clearly no basis for Petitioner's contention that it was denied "due process" under the law. Since the procedure followed by the Tenth Circuit Court of Appeals plainly does not constitute a departure from the accepted and usual course of judicial proceeding, but rather is in full conformity with established precedent and practice, there would appear to be no basis for granting of the Petition for review sought by Petitioner upon "Question 1" as set forth in the Petition.

B. As to Petitioner's Question 2.

As to the reasons put forward by Petitioner for seeking review under "Question 2" (Pet. pages 10-15), it is readily apparent therefrom that the Petitioner merely seeks another detailed review of the file history of the Swanson patent, a document which speaks for itself and which was fully and properly considered and interpreted by the Court of Appeals. Indeed, the Court of Appeals plainly followed this Court's approach to determining the proper scope of patent claims, as set down in the case of *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966), for the Court of Appeals commenced its decision with the statement, "A review of the file wrapper will facilitate consideration of this case" (App. I, page A 2), and then proceeded to the task of construing and interpreting the nature and scope of the invention of the patent with detailed reference to the claims of the patent, the file wrapper, including the rejected claims, and the state of the prior art, all as required by *Graham, supra* (See: App. I, pages A 2-A 5, A 8-A 11).

The file history of the Swanson patent is a documentary exhibit in its entirety (DX 56, R. 82e-120e) and was before the Court of Appeals *in toto*, as were all of the prior art references cited by the Patent Office during the prosecution of the application (DX 60, R. 121e, DX 61, R. 125e, DX 62, R. 129e, DX 63, R. 134e, DX 70, R. 139e, DX 71, R. 147e, DX 72, R. 155e, DX 73, R. 158e).

The Court of Appeals was in as good a position as the trial judge to determine the contents and proper effect of these documentary exhibits for the candor and credibility of witnesses was not involved. In such cases, when the reviewing Court is left with the definite and firm conviction that a mistake has been committed, the finding of the Trial Court may, and must, be reversed as clearly erroneous. See: *United States of America* v. *United States Gypsum Company*, 333 U.S. 364, 395 (1948). The burden of showing a finding or conclusion of a Trial Court to be clearly erroneous is much lighter when it is based on the interpretation of the legal effect of documentary evidence. *Galena Oaks Corporation* v. *Scofield*, 218 F.2d 217, 219 (5th Circ. 1954).

Thus, we see that, in the present case, all of the "file wrapper factors" to be considered by an appellate Court under the principles stated in *Graham* v. *Deere*, *supra* were in documents before the Court of Appeals, and as fully available for consideration and interpretation by it as by the Trial Court. The decision of the Court of Appeals makes it abundantly clear that each of the specified principles of file wrapper construction was fully considered and applied to the detailed documentary evidence before it and, therefore, there is no need for this Court to further consider the matter for its standards have been fully and properly followed.

VII

CONCLUSION

For the reasons set forth above, the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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